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September 26, 1997

BY FAX TO 202-616-6584

Mr. Frank Biros
US Department of Justice
Environmental Enforcement Section
P.O. Box 7611
Washington, D.C. 20044-7611

Dear Mr. Biros,

Re: Albion/Sheridan Township Landfill

Your letter of September 25 is acknowledged. As you should have heard earlier today from Mike Caldwell, a settlement proposal on behalf of Decker Manufacturing will be submitted on Monday. Mike is delayed due to other pressing matters on an unrelated case.

With regard to other matters in your letter, I would like to note a couple of factors. As you recall, Decker asked for a copy of the billing information and a summary of what was owed. The initial summary that was sent included an interest calculation starting in 1991. After we questioned the starting date for interest, you and Kirk Lindland further reviewed it, and advised us that the correct starting date for interest was June 6, 1995. I was under the impression that you were having the interest recalculated, and would send us a corrected report. That has not yet arrived.

Another factor that was not reflected in the summary you provided was the credit for all of the Eagle-Picher money received by the government. You indicated that \$730,296 cash was received, and it was shown on the interest calculation worksheet as being credited on December 19, 1996. You advised that an additional \$779,860.68 was received recently when a Note was sold, but had not been credited or otherwise reflected in the summary that you gave us.

We contacted the EPA to get further information on the Eagle-Picher money. A copy of a memo from my associate regarding his conversation with the EPA is enclosed. We also contacted Eagle-Picher, and were furnished a copy of the final Plan of Reorganization, which was adopted and caused the cash and Note to be paid to the EPA.

Mr. Frank Biros
September 26, 1997
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It is apparent from the memo and the Plan document that the EPA should have credited \$1,460,592 on December 2, 1996, another \$32,863.32 on June 2, 1997, and \$15,701.36 on August 27, 1997. While the total amount credited doesn't change as a result of the date each amount is credited, it does change the interest calculation. Between the original interest claimed and the corrected amount, there is an approximately \$221,000 difference.

Without your interest calculations, we ran our own. Duplicating the charges and credits, but using the payment dates as I noted above, starting interest on June 6, 1995, using the rates specified in the records you provided, and compounding interest annually, the interest total is \$203,992.74. Adding that interest to the claimed outstanding balance of \$506,500.80 totals \$710,493.54. This is more than \$200,000 below the amount your initial letter demanded.

The interest calculation obviously is a significant amount. I would be glad to send you our worksheets showing the calculations, if desired. I assume, however, that you would want to run your own. There may be other adjustments that should also be made, but we have not attempted to compute those at this time.

In summary, I wanted to get the above information to you before the call on Monday, since there are calculations that you may want to verify. Let me know if you have any questions in the meantime.

Yours very truly,

BULLEN, MOILANEN,
KLAASEN & SWAN, P.C.

By


Philip M. Moilanen

cc Decker Manufacturing
Michael Caldwell

Bullen, Mollan, Klaasen & Swan

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Memorandum

To: Phil
From: Dave.
Date: Tuesday, September 23, 1997
Subject: Decker v. EPA: Note Information

From telephone call (9/23/97 10:45 am) to:

*John H. Wheeler
Office of Enforcement and Compliance Assurance
U.S. EPA
401 M Street, S.W. - Mail Code 2244
WADC 20460
(202) 260-2080*

WHEELER: Settlement agreement only addressed claims made and agreed that \$4m was owed for Albion-Sheridan site. The bankruptcy re-organization plan provided payment terms that half of payment would be in cash and half in notes.

WHEELER: Don't know when payments were due, but know when made. Payments were made on the following dates - December 2, 1996, EPA received \$730,296 in cash and \$730,296 in a note. The note probably was entered into A/R at face value.

June 2, 1997, EPA received \$32,863.32 check for interest payment on note.

August 27, 1997, EPA was about to sell note and Eagle-Picher called/redeemed. EPA sold note back to Eagle-Picher at \$745,997.36. Adjustment was probably made to EPA books because note sold for \$15k more than face value.

WHEELER: Reorg plan is several hundred pages long. Can probably get a copy from Eagle-Picher counsel in New York.